HOPE FOR DEMOCRACY

30 Years of Participatory Budgeting Worldwide
HOPE FOR DEMOCRACY

For Deise Martins, builder of networks, for the legacy that she left us
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Participatory budgeting in Scotland: The interplay of public service reform, community empowerment and social justice

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Introduction

Scotland has enthusiastically joined the global participatory budgeting (PB) movement in recent years and this chapter offers our take on the story so far. We are a team of co-authors drawn from the PB Working Group1 and the PB Scotland Network, which brings together government officials, civil society practitioners and academic researchers to inform and support the development of PB. This chapter taps into evidence developed across these sectors. We use data from government reports, as well as evidence generated by NGOs and academic institutions (e.g. Harkins & Escobar, 2015; Harkins et al., 2016; O’Hagan et al., 2017; The Democratic Society, 2018; Escobar et al., 2018). The chapter combines our different perspectives to provide an overview of key milestones and developments. For detailed examples and case studies we encourage readers to visit https://pbscotland.scot.

As this book’s readers will know, PB is a process that involves citizens...
in deciding collectively how to spend public money. In three decades, PB has gone from a local innovation in Brazil to a global movement with thousands of processes around the world. Scotland has recently become fertile ground for PB, with growing support across communities, local and national governments and civil society organisations. We chart this history from the community grant-making model that has been prevalent in Scotland so far, to the mainstreaming of PB which will follow from a recent agreement to allocate at least 1% of local government budgets via PB. The chapter seeks to: 1) place PB in its broader political context, including the interplay between government and civil society agendas; 2) take stock of policy developments as well as capacity building and civic infrastructure for PB; 3) and critically assess findings from evaluations of 1st Generation PB (community grant-making) and their implications for 2nd Generation PB (mainstreaming). The purpose is to offer a synthesis that helps to inform research and policy work at the intersection of democratic innovation and social justice in Scotland and beyond.

**The political context for PB**

The current window of opportunity for PB in Scotland must be placed in the context of various social, political and institutional factors that provide the backdrop for ongoing public service reform and democratic renewal. PB has gained momentum as a response to challenges and aspirations to improve governance and public services and to strengthen local democracy. Let’s start with some important institutional factors. By international standards, local government in Scotland may be more accurately described as regional government. Scotland has the largest average population per basic unit of local government of any developed country (Keating, 2010). The average population per local authority in the European Union is 5,615 citizens (Klobučník & Bačík, 2016, p. 674), compared to 169,500 in Scotland, where 32 councils serve a population of 5.4 million citizens. The ratio of elected councilors per citizens represented is 1:4270 in Scotland, considerably different to countries like Finland (1:500), Germany (1:400) or Spain (1:700) (Bort et al., 2012, p. 8). This is further complicated by the absence of a functional system of community councils (Escobar, 2014). Over the last two decades, various local governance spaces have been developed (e.g. multi-stakeholder partnerships; community forums) to address the disconnect between local communities and authorities. However, current opportunities for public participation are often criticized and one of our recent reviews highlights shortcomings related to equalities in community engagement (Lightbody, 2017). Successive evaluations of Community Planning Partnerships also reflect the weaknesses of community par-

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participation in local governance (Escobar et al., 2018). In addition, the lack of substantial fiscal powers means that governing at local level entails operating without many of the policy options available to local government in other countries. Finally, alongside England, Scotland has some of the lowest voter turnout at local elections in the European Union. These and other factors have led to warnings about a ‘silent crisis of local democracy’ in Scotland (Bort et al., 2012).

This institutional landscape seems at odds with social attitudes towards public participation. For example, a survey suggested that only 35% of Scottish citizens feel part of how decisions affecting their community are made and that 77% would get more involved in their community if it was easier to participate in decisions that affect it (Ipsos MORI, 2014). In the latest wave of the Scottish Social Attitudes Survey, 80% of respondents said that people should be involved in deciding how money is spent on local services; and 96% said that people should be involved in making decisions about how local services are planned and run (Marcinkiewicz et al., 2016). There is also a growing, vibrant civil society organised in social enterprises, community development trusts, housing associations, transition towns, charities and so on (e.g. Henderson et al., 2018; Social Value Lab, 2015). More broadly, survey data suggests that civic participation is on the rise: 55% in 2009; 61% in 2013; 69% in 2015 (Marcinkiewicz et al., 2016; Reid et al., 2013). Altogether, this evidence indicates a substantial level of civic activity and democratic aspiration in Scotland.

The boom of PB has taken place during the span of three Scottish National Party administrations, but PB is also supported by the Scottish Green Party and Scottish Labour – the latter led some of the first PB experiences in local government. This cross-party support may to some extent protect PB from the partisan dynamics that have hindered PB in other countries (e.g. Wampler, 2007; Sintomer et al., 2016). A key contributor to the current emphasis on participatory democracy and democratic renewal was the 2014 Scottish Independence Referendum. It hailed record levels of voter turnout and national engagement with politics; far higher

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3 See for example the Scottish Community Alliance http://www.scottishcommunityalliance.org.uk and Senscot https://senscot.net
than any other election or ballot in the country’s recent history. Other recent political milestones such as 2015 UK General Election and 2016 European Union ‘Brexit’ referendum have been described as an undemocratic representation of Scotland’s political views and majority vote to remain in the European Union (Riddoch, 2016). These developments have contributed to ignite issues of political sovereignty —vocalising a dissatisfaction with Westminster politics and current democratic structures. In the absence of a ‘post-Brexit’ consensus as to the way forward for Scotland, the increasing profile of PB is perhaps symbolic of a national drive towards deepening democratic processes and increasing opportunities for Scottish citizens to participate in local decision making. The rise of PB’s profile in Scotland does however pre-date these political milestones.

**From the grassroots to the grasstops: The interplay between civil society and government**

Scotland is embarked in an ambitious agenda of community empowerment and democratic innovation. As this section will outline, this agenda has been driven by a combination of grassroots / civil society demands and proposals, and top–down policy action from public institutions. PB has been at the heart of these developments, and its spread has markedly accelerated over the past five years; from little more than a handful of known PB processes in 2010, to at least 200 cases to date. Alongside the grassroots growth of PB within Scotland’s communities, there has also been increasing political, legislative and policy support. The ripples from early experimentation in Brazil reached UK shores at the turn of the century (Department for Communities and Local Government, 2011). Interestingly, PB took off in England but not in Scotland, despite political leadership by the Labour party in both. A member of the PB Working Group shared this testimony reflecting that, 20 years ago, the view from the top was quite different in Scotland:

> My own wee story relates to a meeting I had with the then Minister for Communities in 1997 having just returned from 3 months in Brazil

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5 For a crowdsourced map of PB processes in Scotland see: https://pbscotland.scot/map/
and inspired by the example of Curitiba, which I had visited. We talked about the power of PB as a way of changing the relationship between government and communities. Although the conversation was polite it was clear that it probably was not being enthusiastically welcomed. I remember after the meeting, the civil servant who had attended the meeting with the Minister, telling me that he (the civil servant) wasn’t an enthusiast and that if we wanted to take it forward we would need to get on with it ourselves. I suspect that civil servant (a good friend these days) maybe didn’t realise at the time that that was less of a put down and more of a challenge. He knows now. I suspect that hundreds of these stories exist but there’re a couple of things that I still love about that episode: this was wisdom travelling from the global south to the north (and it took us longer than it should have); this is a tiny example of perseverance, determination and sheer bloody-mindedness.”

Martin Johnstone, Secretary of the Church & Society Council, Church of Scotland

Between 2010 and 2012 the Glasgow Centre for Population Health conducted an evaluation of a PB pilot in Glasgow (Harkins & Egan, 2012). This evaluation was one of the first to make important links between PB and strategic and policy challenges within Scotland. The report made clear the role PB could have in mobilising citizens and community assets, promoting collaborative working and enabling devolved decision making and community empowerment. It recommended that 1% of public sector investment budgets be allocated to PB; this target was in line with the then PB Unit’s (now PB Partners6) recommendation as a realistic step towards ‘mainstreaming’ PB without compromising statutory service delivery. As described later, this recommendation has now been taken forward by the Scottish Government.

That report gained traction in part because its key messages resonated powerfully with the influential Commission on the Future Delivery of Public Services (Christie, 2011). The Commission has become the landmark reference for public service reform in Scotland. Its emphasis on community empowerment has provided impetus for new mechanisms for public participation. The Commission’s remit was to identify opportunities and obstacles for change and to make recommendations for reform. Its conclusions focused on the need to

6 PB Partners: https://pbpartners.org.uk
develop services with and for people and communities, rather than continuing to take a top down approach simply for administrative convenience. In response, the Scottish Government accepted the four pillars of reform (partnership, participation, prevention and performance) that would underpin an approach to public services which is affordable, rises to the challenge of tackling inequalities and supports inclusive economic growth across Scotland. The ethos, process and objectives of PB could then be mapped onto those four pillars to align PB with the window of opportunity presented by ongoing reforms (Harkins & Escobar, 2015, p. 37):

- **Partnership**: PB requires collaboration across organisational, thematic and geographical boundaries, and may provide new impetus to existing local governance partnerships.
- **Participation**: PB can enable substantial participation by citizens and communities, and provide a platform to channel the aspirations of a citizenry that is becoming less trusting in, and deferential towards, traditional forms of authority and hierarchical decision making.
- **Prevention**: PB can open up space for rethinking priorities and overcome short-term thinking, so that the difficult decisions that authorities often struggle to make can be addressed through open public deliberation and collective action. In addition, PB can mobilise local knowledge that may help to tackle complex and deeply rooted problems and inequalities.
- **Performance**: PB can stimulate effectiveness by increasing transparency, monitoring and scrutiny of how public money is spent. It can also foster local creativity, entrepreneurialism and collaboration in order to articulate new solutions and initiatives.

In parallel to these policy developments, support for PB also gathered momentum from civil society organisations such as the Electoral Reform Society Scotland; the Reid Foundation’s Commission on Fair Access to Political influence, and Oxfam’s and the Scottish Council for Voluntary Organisations’ responses to consultations for

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a proposed Community Empowerment Bill.\(^9\) Another milestone was the 2012 Scottish Participatory Democracy Conference, which gathered community organisers, activists and officials (Scottish Community Development Centre, 2012) and where the Minister for Local Government spoke about ambitions for PB in Scotland. A tipping point in the Ministers’ thinking seems to have been a meeting with Alderman Joe Moore from Chicago, who had famously introduced PB in the 49th Ward in 2009.

In many ways, 2014 was the pivotal year when all these developments reached a critical mass, and civil society and government agendas coalesced, particularly in the run up to the referendum on Scottish independence—which put the spotlight on democratic renewal. For example, the Convention of Scottish Local Authorities (COSLA) endorsed the findings from an independent Commission that included PB in its key recommendations (Commission on Strengthening Local Democracy, 2014, pp. 10, 13, 27, 30). The Commission emphasised the connection between democratic deficits and social inequalities and concluded that:

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\text{50 years of centralisation has not tackled the biggest problems that Scotland faces. For a country with Scotland’s wealth and strength, the level of inequality is intolerable, and has huge social and financial costs. There is a link between the absence of strong local democracy and the prevalence of inequalities. It is communities that empower governments at all levels, not governments that empower people.}^{10}\]

In 2014, the pace and spread of activities supporting PB was remarkable. For example, PB featured at the Community Planning National Conference; there was a capacity building programme delivered by the University of Edinburgh for the Glasgow Community Planning Partnership; and PB was a keynote centrepiece at the Scottish Leaders Forum, which brought together 200 public sector leaders. By 2016, PB had become one of the top five commitments in the National Action Plan developed when Scotland joined the Open Government Partnership.\(^{11}\)

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9 See for example SCVOs response here: https://scvo.org.uk/post/2014/01/24/community-empowerment-bill

10 See the final report on the Commission on Strengthening Local Democracy: https://www.localdemocracy.info/news/final-report/

This section has illustrated the complex interplay between mobilisation by civil society networks and policy action by national and local government. The story of PB in Scotland cannot be understood as the unilateral initiative of a particular player, but as the result of multi-sited action in response to a range of institutional, social and political factors. At the centre of these developments was the idea that communities should be empowered and supported to act collectively; and that public services should be confident and agile enough to act as enablers.

The Community Choices Fund
The momentum outlined above provided the foundations for a programme of national investment in PB. To accommodate this, the Scottish Government articulated four policy drivers for PB:

- PB is supported and promoted by the Scottish Government as a tool for community engagement and as a resource to build on the wider development of participatory democracy in Scotland.
- PB supports one of the principles of Public Service Reform, that people should have equal opportunity to participate and have their voice heard in decisions shaping their local community, society and their lives.
- PB complements the Scottish Government’s aspirations for the Community Empowerment Act which will give communities more powers to take forward their own ambitions.
- PB can help deliver the Public Sector Equality Duty by eliminating discrimination, harassment and victimisation, advancing equality of opportunity and fostering good relations between different groups.

This helped to connect PB to two National Outcomes – key policy objectives for the Scottish Government in the next decade: 1) We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others; 2) We have tackled the significant inequalities in Scottish society. Legislation

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12 Source: internal government document accessed by the PB Working Group.
13 The 16 National Outcomes describe what the Scottish Government set out to achieve over a ten years framework: http://www.gov.scot/About/Performance/scotPerforms/outcome
to give communities more opportunities to make a difference on their own terms was passed in 2015. The Community Empowerment (Scotland) Act 2015 provides new rights for community bodies and places new duties on public authorities. Although PB was not explicitly included, it is seen as an important conduit to help deliver its objectives.

The Scottish Government’s Community Choices programme supports and promotes PB nationally. It is delivered in partnership with local authorities, communities and civil society organisations, and implemented across policy areas from policing to health and social care, transport and education. Since 2014/15, this has led to an investment of £4.7 million (see Figure 2). Match funding of £1.5 million from a number of local authorities has brought the total to £6.2 million. This breaks down as follows:

- During 2015, 20 of Scotland’s 32 councils accepted the Scottish Government’s offer of expert support provided by PB Partners¹⁴ to raise awareness of PB. This was followed by funding in 2016 to those 20 councils on a match funding basis; 14 applied and received a share of £530,267 to help them build on and maintain their PB activity, which resulted in around 50 PB events in the first 3 months of 2016.
- In 2016/17, due to the steadily growing interest in PB, Ministers announced a £2 million Community Choices Fund to support PB. For the first time, the fund was open to all public authorities and communities (not just councils) and 33 organisations secured £1.7 million, while £300,000 was used for the national support programme. This resulted in 122 PB events across the country. Over 39,000 people voted and 1,352 local projects were successful in getting a share of £2.6 million (£1.7m Community Choices Fund plus match funding from local authorities).

Figure 1 Community Choices logo

¹⁴ PB Partners: https://pbpartners.org.uk
• In 2017/18, Ministers announced another £2 million Community Choices Fund; 33 organisations were successful in getting a share of £1.5 million and their events are taking place in 2018. The remaining £500,000 is for the national support programme (see Figure 3).

This funding also supports a three-year evaluation led by Glasgow Caledonian University15 to assess the impact of PB on communities, services and democracy, with a particular focus on the relationship between PB and inequalities (O’Hagan et al., 2017). This is taking place alongside other local work to develop bespoke evaluation toolkits, for example in the Glasgow Community Planning Partnership.16

**Figure 2** Scottish Government investment in PB 2014–2018 (Community Choices Fund; excluding local government match-funding)

![Pie chart showing investment breakdown]

**Caption**
- National Support – £1,077,200
- Local Authorities Funding – £2,121,267
- Funding for Communities – £1,609,900

**Capacity-building and civic infrastructure for PB**

The purpose of the national support programme is to develop infrastructure and skills across a range of partners to deliver PB successfully (see Figure 3). This includes the evaluation programme as well as: support and advice for PB organisers; producing learning resources; establishing a PB Network; developing digital infrastructure for PB; and maintaining the PB Scotland website as a hub for sharing experiences and resources (see Figure 4). It also includes capacity-building to develop a community of PB practitioners to share learning and develop good practice.

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15 See: http://www.gov.scot/Publications/2017/11/8658/0

16 This is part of a Collaborative Action Research project: http://whatworksscotland.ac.uk/casesites/glasgow/evaluating-the-impact-of-participatory-budgeting/
Figure 3 National support programme for PB

Key to Figure 3
SCDC (Scottish Community Development Centre); GDA (Glasgow Disability Alliance); Demsoc (The Democratic Society);
COSLA (Convention of Scottish Local Authorities); OGP (Open Government Partnership); EM (elected Members);
GCU (Glasgow Caledonian University); CCF (Community Choices Fund); WWS (What Works Scotland).
A PB Working Group works since 2014 in partnership with the Scottish Government to inform the development of PB so that it is scalable, empowering and transformative. The group includes representatives from national organisations working with communities, plus academics, civil society, PB experts, local authorities and central government. Its remit is to oversee the development of PB in Scotland, support its links to other community empowerment initiatives, and advise on the infrastructure required to help its implementation and impact.

Figure 4 PB Scotland website

Up until the provision of Community Choices funding, PB processes had largely been implemented by public agencies, with the exception of some activity within the faith and third sectors. The Working Group strongly advocated that, if the small grants PB model was to gain traction in Scotland, there was a need for processes to move away from being primarily led by public agencies, to being owned and implemented by communities themselves. The purpose of targeting funds directly at communities was to help achieve a critical mass of local processes to help raise awareness of new forms of participation, and to promote community empowerment and influence. In other words, to help develop a new culture of democratic participation where citizens can expect to have a direct role in the decision-making processes.
It was anticipated that community organisations would be more likely to achieve higher levels of participation and that the capacity of communities to organise and respond to local issues would be enhanced. This rationale led to a 50:50 split of the Community Choices Fund between local authorities and community organisations. Capacity building for PB has therefore been directed both at local authorities and the community sector, with some support tailored to specific needs, but with other forms of support offered on a cross sector basis. Within the context of PB in Scotland, the term capacity building is used to describe actions which: 1) Increase knowledge about PB outcomes, values and guiding principles. 2) Support the development and implementation of robust local processes. 3) Develop skills and confidence in advocacy, dialogue and facilitation.

From 2016 to the present day, several capacity building measures have been introduced; support and training for local authorities to implement community grant-making processes has continued to be delivered by PB Partners; the PB Scotland website continues to be developed as a hub for sharing practice and learning across the country; and support is available for community organisations to run local events, conduct evaluations, and identify opportunities for developing PB activities from alternative revenue sources.

A key part of this developing infrastructure is the establishment of a national network. The PB Scotland Network currently has 542 members. Half of the members come from the community and third sectors and the other half is made up of representatives from local government, academia and the private sector. Members are spread across Scotland with coverage across 31 of the 32 local authority areas. The purpose is to create a community of PB practice, to offer a locus for the exchange of learning across sectors and communities, and to provide access to tools and research in Scotland and internationally. In 2017–18, the Scottish Government also invested in the training of a group of ‘PB Champions’ across the country in recognition that without practitioners who can provide good quality advice and support on PB, there is the risk of a skills gap to sustain current momentum. The PB Champions initiative is ongoing, and future plans include formalisation of training through developing accreditation. Their role will be to advocate for PB, and to respond to requests for support across Scotland.

Considerable work has also been done to highlight and celebrate progress on PB, and to learn from colleagues across the globe. In 2016, Scotland hosted its first International PB conference, supported by the Minister for Local Government and Housing, and attended by nearly two hundred people from eleven countries. There have also been additional opportunities for international peer-to-peer learning – e.g. What Works Scotland (WWS) funded a study visit to Paris with PB practi-
tioners from Glasgow and Fife. In 2018, a second conference was held, gathering delegates mainly from Scotland and focused on developing practice. Participants agreed the following actions to extend the impact of PB on increasing democratic participation, advancing community empowerment, and tackling inequalities:

- Training, learning and evaluation with communities, which focus on outcomes as well as process
- Continued capacity building support for community-led organisations and the third sector
- Increased support for equalities practice
- A focus on mainstreaming PB as the vehicle for a move from transactional to transformational practices
- The co-production of a charter of principles for PB in Scotland.

Figure 5 Digital tools for PB in Scotland – Programme Locations

Finally, another key dimension in capacity building has been to explore the potential for digital PB. Some notable examples of early development can be found

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17 See Public service reform and participatory budgeting: How can Scotland learn from international evidence?: http://whatworksscotland.ac.uk/publications/public-service-reform-how-can-scotland-learn-from-international-evidence/

18 Some groundwork to strengthen this dimension is being currently developed by the Glasgow Disability Alliance: http://gda.scot
in North Ayrshire. In November 2016, over 5,000 young people accessed Young Scot’s e-voting platform to decide how £60,762 should be allocated to 67 youth projects in six localities. More recently, Glasgow PB events have had 2791 validated online participants.

In 2015, The Democratic Society (Demsoc) was commissioned by the Scottish Government to produce a report on the potential of digital engagement platforms to enhance PB. This was followed by the creation of the Digital Tools for PB in Scotland Programme. Since 2016, Demsoc has worked with 12 councils and 4 community groups from Shetland to the Borders (see Figure 5) to support the adoption of digital elements in PB processes. The programme has helped participants to generate over 720 ideas for potential funding and the use of digital tools has enabled 35,000 people to take part in PB processes. These usually work in parallel to face-to-face events.

This programme supported staff to gain experience of writing for the web, interacting online with peers and citizens, leveraging social networks for outreach, and managing basic administrative tasks such as collecting and analysing data, structuring information for clear communication, and understanding and prioritising user experience. The programme has also generated considerable learning that will inform the next steps for upskilling and resourcing the workforce to ensure that the potential of digital engagement can be fully realised. Capacity in local authorities may be improved by recent developments such as the creation of the Local Government Digital Office and the Digital First Service Standards, alongside continued exploration of electronic voting, online assurance and verification research. All in all, the future direction of digital PB should be part of developing broader infrastructural foundations for local participatory democracy in Scotland.

**Analysing the 1st Generation of PB in Scotland**

A crowdsourced map of PB processes in Scotland features over 200 cases to date (see Figure 6). This wave has been characterised by one model, namely, community grant-making (PB Partners, 2016a). In

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20 The Digital Tools and Scotland’s Participatory Budgeting report can be found online: demsoc.org/wp-content/uploads/2016/01/DS-Digital-Tools-paper.pdf

21 See: http://www.demsoc.org/digital-pb-case-studies/
our first systematic review of 58 processes across Scotland, we called this 1st Generation PB to distinguish it from the 2nd Generation which will entail mainstream budgets, as explored later (Harkins et al., 2016). 1st Generation PB has been supported by the Scottish Government and several local authorities and third sector partners, but can be broadly characterised as organic and grassroots. That is, the majority of early PB processes emerged where there were local champions, appropriate support and opportunities, and a good fit between PB and available funding schemes, local plans and community priorities.

Figure 6 Crowdsourced map of PB in Scotland

The organic pace of 1st Generation PB is indicative of a PB journey which appears to value grassroots learning. This experience suggests that PB has worked well when processes have been bespoke and tailored; recognising and adapting to community contexts, needs and aspirations. This developmental, iterative growth of PB has proven particularly adept at projects driven by local people alongside services and facilitators, and fuelled by a desire to try this new way of working and explore the potential of grant-making via PB. The effort behind Scotland’s 1st Generation of PB processes and projects deserves recognition, particularly in light of the challenges it faced. The insights, skills and capacity that have been developed across a range of partners and communities represent a strong foundation to build 2nd Generation PB. However, this organic growth has meant that the availability of information across many PB
processes and projects outside the Community Choices programme has been patchy and inconsistent. Despite this limited evidence base, the WWS review (Harkins et al., 2016) provided findings to inform the following recommendations:

- The national policy drive associated with the transition into 2nd Generation PB in Scotland should not undermine what must become an enduring focus on local context involving PB approaches tailored to community contexts and priorities.
- The depth to which PB should be implemented across Scotland (i.e. from grant-making to mainstream budgets), and the impacts expected in tackling inequalities and improving public services, must remain central points in policy discussions in order to frame and clarify the scale and ambition of 2nd Generation PB.
- Rural areas appear underserved by 1st Generation PB and attempts should be made to redress this within the emerging 2nd Generation.
- PB test-sites (e.g. involving mainstream budgets) should be established across different geographies and thematic priorities; these test-sites should be supported through robust evaluation over time, the learning from which should be disseminated through the PB Network and inform future policy on PB.
- Opportunities for meaningful dialogue and robust deliberation between citizens, community organisations, elected representatives and public authorities have not been a central feature in 1st Generation PB. This should feature more prominently in the design and implementation of PB processes, and thus become a key component in the evaluation of the democratic quality of PB.
- There is much scope to improve the use of digital engagement platforms to support PB processes and, more broadly, develop a digital infrastructure for local participatory democracy.
- Evaluation of the 2nd Generation of PB in Scotland should involve developing theories of change, including paying attention to impacts resulting from both PB processes and the resultant funded projects - particularly with regard to the social justice agenda of tackling a range of inequalities.
- Assessing future success in Scotland must entail examining what PB does for people and communities, as well as for the democratic system that binds them together – i.e. is PB contributing to improve participation and generate democratic renewal?
The present juncture of PB in Scotland reflects a transition into an unprecedented policy, legislative, capacity building and investment landscape from which to further develop and embed processes across the country. Findings from an interim evaluation report by O’Hagan et al. (2017) examined the Community Choices programme from October 2015 to June 2017 (final report expected by the end of 2018). The report notes that PB has become a valuable tool to raise awareness of community led activity and there is clear evidence of developing community identity, capacity and social capital. However, it also notes that PB activity is dominated by transactional rather than transformational approaches:

Changing the relationship between communities and government at the local and national level means establishing a different contract between citizens and the state. The extent to which this leads to a shift from a transactional relationship (whereby councils provide services or resources in response to expressed needs or direct requests) to a transformational shift in power is a question at the core of developments in PB. (O’Hagan et al., 2017, p. 5)

Towards 2nd Generation PB: Challenges and aspirations in mainstreaming PB
A landmark agreement22 in October 2017 between the Scottish Government and COSLA, who represents local government, is taking PB to the next level. A framework agreement to have at least 1% of all local authority budgets subject to PB by 2021 establishes the commitment to embed it as a way of working. This is in the region of at least £100 millions of core local government grant funding, both capital and revenue, being influenced and directed through deliberative community participation. A COSLA PB Development Manager is in post to help shape the local government and partnership approach by engaging with councillors, managers and officers to develop and share best practice. Some guidance has been produced to start a conversation about options for mainstreaming (PB Partners, 2016b). The aim of the agreement is to bolster citizen participation in local decision making which goes beyond the current arrangements for consultation. The challenge is to advance cultural change and ensure that this is an approach across the public, third and community sectors that reaches all services that affect communities’ everyday lives. The framework sets out that, done well, and using key social justice principles, the longer term strategic aim of public service reform can be achieved by investing in the areas of greatest need and breaking generational cycles of disadvantage and inequality.

22 See the press release here: https://news.gov.scot/news/more-choice-for-communities
There have already been at least two cases that have used core budgets for PB and they are informing initial discussions about what mainstream PB may look like in Scotland. They offer examples that go beyond the community grant-making model to one that enhances the interplay of communities, councillors and officers in decision making on far larger resources. The key at this stage is to explore how mainstreaming doesn’t simply become an upscaling of grant-making and therefore a process that sits on its own, disconnected from broader local governance. Instead, 2nd Generation PB aims to create participatory spaces where communities actively influence and help reshape current service delivery models to be focused on actual rather than perceived need. This can help not only embed a preventative approach but also ensure sustainability of public services through effective and efficient use of funds. The two cases that have opened the way for initial experimentation with mainstream budgets are:

• **Western Isles 2015–16** (see PB Partners, 2016b, p. 12): It entailed the allocation of a transport budget of £500,000 through PB. Over 200 residents from Barra and Uist, the two southernmost islands, were consulted regarding the existing provision of public buses. The results were then passed on to bus service providers, to inform their tendering process. Tenders were assessed and awarded by resident groups. The process demonstrated that residents are perfectly capable of engaging with complex ‘information sets’ and coming to reasoned, and reasonable decisions. The Council’s Transport Manager, whilst initially sceptical said afterwards that he now supports this way of awarding tenders.

• **Dundee Decides 2018** 23 Over 11,000 voters from across the city decided how to spend £1.2 million of the Council’s capital budget through PB. Each of the eight electoral wards was allocated up to £150,000 to spend on infrastructure improvements. Voting was open to residents aged 11 or over through an online platform. The political leader of Dundee City Council who helped launch the process said:

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“I am absolutely blown away by the level of engagement and informed participation... We are the only place in the country to take a slice of our mainstream budget and hand it over to communities to decide how and where it should be spent.”

These examples are encouraging, but the lessons of the last few years must inform 2nd Generation PB (Harkins et al., 2016; Harkins & Escobar, 2015; O’Hagan et al., 2017). Mainstreaming PB will require commitment by democratic innovators across the country in order to reinvent the relationship between citizens, public services and elected representatives. This may have implications for arrangements in governance, procurement, budgeting and administration, which should be considered in the current Local Governance Review initiated by COSLA and the Scottish Government to provide the groundwork for a new Local Democracy Bill.24 For PB to become central in local governance, and not just an add on, it must become part of how communities govern themselves. This means that participatory processes must be embedded within institutional arrangements, which sometimes requires administrative reforms as learned from international experience (Baiocchi, 2005; Baiocchi & Gauza, 2014). Ensuring institutional fit can entail measures such as designing the PB process so that it works in sync with the overall budgeting cycle for the local authority in question. Another important aspect is the need to develop workforce capacity within local authorities, especially in light of findings from the interim evaluation by O’Hagan et al (2017, p. 17):

PB activities to date represent a significant resource commitment on the part of local authorities, or more specifically on the community development/engagement functions which have been charged with delivering this approach and where no additional staff have been allocated. Existing staff are absorbing considerable additional workloads which represents an unsustainable delivery model.

There are also important considerations to be noted about the type of public participation invited by PB processes. The WWS review of 1st Generation PB highlights the predominance of ‘aggregative’ models

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of PB, where voting takes place without prior substantial dialogue and deliberation about evidence, issues, priorities, aspirations and trade-offs (Harkins et al., 2016). In contrast, ‘deliberative’ models can increase the democratic quality of PB by allowing exploration, discovery, learning and scrutiny, which in turn can generate more robust, informed and considered decision-making (Escobar, 2011; Harkins & Escobar, 2015; Roberts & Escobar, 2015). When PB provides spaces for dialogue and deliberation between citizens, elected representatives, civil society organisations and public authorities, it creates opportunities for collective reflection, innovation and action. Deliberative quality is important regardless of the PB model, but arguably more so for 2nd Generation PB entailing mainstream budgeting and services.

The WWS review also noted that the majority of the 58 processes and projects analysed (for which there was available information) had taken place within disadvantaged areas (Harkins et al., 2016). However, only a minority of 1st Generation PB had been articulated with the explicit goal of improving services, opportunities or conditions within disadvantaged areas and addressing inequalities. The main impacts of the community grant-making model that has been dominant in Scotland and England typically relate to increasing participants’ confidence and social connections, as well as immediate local benefits resulting from the funded projects (Department for Communities and Local Government, 2011; Rocke, 2014). If 2nd Generation PB in Scotland is to be mainstreamed according to a more explicit social justice agenda to tackle inequalities, this may require a fundamental shift in how public services are delivered. PB in this form may entail structural and governance changes and redistribution of public resources to disadvantaged regions and communities, alongside tailoring service delivery based on community priorities and contexts. This system-wide approach to PB is long-term and arguably more likely to foster the reduction of inequalities and the improvement of life-course outcomes for disadvantaged communities (e.g. Touchton & Wampler, 2014; cf. Campbell et al., 2017).

All in all, mainstreaming PB will not be a straightforward process and may take years to develop and bed in. There are important considerations in terms of sustainability and how to create a hospitable environment that allows PB processes to become established and effective. Core challenges include:

- **Cultural challenges** PB requires reshaping mind-sets and ways of working, so that participatory governance can take hold. This requires learning and commitment from public and third sector organisations, elected representatives, community groups and citizens. New forms of facilitative
leadership\textsuperscript{25} are also necessary—i.e. the ability to bring people together across divides in order to engage in collective problem-solving, deliberative decision-making and creative co-production.

• **Capacity challenges** PB requires a range of skills including process design, organisation, coordination, knowledge brokering, communication, mediation and facilitation. It also takes local knowledge and the know-how to build trust, negotiate competing agendas and create spaces for meaningful dialogue and deliberation.

• **Political challenges** PB can bring a new type of participatory politics that may clash with established relationships and dynamics and challenge the status quo of existing organised interests in a particular community. It can also clash with party politics and electoral dynamics, and it may be difficult to build the cross-party support that can give PB a stable framework for long-term development.

• **Legitimacy challenges** As with any public participation process, there is the risk of tokenism by which PB may become a symbolic rather substantial opportunity for community empowerment. In the current financial context of austerity policy, there is also the risk of using PB for merely administering spending cuts, and this may undermine its perceived legitimacy. Moreover, PB that fails to mobilise substantial resources to address community problems and priorities may be seen as a distraction from other initiatives, thus losing support from people who want to make a difference in their communities. Consequently, PB must be worth people’s effort, time and commitment.

• **Sustainability challenges** All of the above suggests that PB requires sustainable funding, long-term commitment, on-going learning and adaptation and perhaps institutional reform. Accordingly, it can take years to bed it in and make it work effectively.

**Conclusions**

PB has become one of the most popular democratic innovations of the last three decades (Smith, 2009; Elstub & Escobar, forthcoming). This is partly due to its impact on tackling inequalities, addressing local issues, improving governance and increasing civic engagement, particularly in Brazil (Baiocchi, 2005; Wampler, 2007; Touchton & Wampler, 2014; Baiocchi & Ganuza, 2017). Its global spread has

\textsuperscript{25} On facilitative leadership: http://whatworksscotland.blogspot.co.uk/2017/05/facilitative-leadership-involving-citizens-and-communities-in-local-decision-making.html
been enabled by conceptual and practical malleability, which allowed it to be adapted around the world according to disparate logics and motivations and with varied consequences (Cabannes & Lipietz, 2018; Baiocchi & Ganuza, 2014). Its impact beyond Brazil has been less impressive but nonetheless significant (Talpin, 2011; Traub-Merz et al., 2013; Rocke, 2014; Sintomer et al., 2016; Campbell et al., 2017). Scotland is at the start of its PB journey, which may lead in various directions. The next few years offer the opportunity to investigate the social and democratic goods generated by PB in the medium and long term (i.e. most effective models of PB, impact on institutions and public services, outcomes for citizens and communities).

This chapter has outlined key lessons from the Scottish experience so far, highlighting how PB has become central to policy action that aims to advance community empowerment and public service reform. We have shown the importance of the interplay between civil society and government in opening a window of opportunity for this democratic innovation. The grassroots growth of 1st Generation PB within Scotland’s communities has now been accelerated by increasing political, legislative and policy support. We want to note the importance of retaining and further developing community led grant-making, which is contributing to democratise the distribution of small grants, thus representing an improvement in comparison to grant allocation ‘behind closed doors’. The mainstreaming of PB now under way carves up space for more complex participatory and deliberative processes to decide on core local government budgets. However, for PB to make a substantial difference in the lives of citizens and communities, democratic innovators (i.e. politicians, activists, public servants) across Scotland will have to overcome challenges related to culture, capacity, politics, legitimacy and sustainability. Two particularly important, and interrelated, areas for improvement in 2nd Generation PB, are the need to increase the deliberative quality of PB processes and to strengthen their focus on tackling inequalities. The transformative potential of PB in Scotland depends to a great extent on those two dimensions.

This chapter has illustrated the considerable efforts that are going into developing capacity and civic infrastructure through the national support programme. Nevertheless, we have noted that the mainstreaming agenda is likely to struggle unless public authorities think strategically about workforce implications. PB must be supported by properly resourced teams of participation practitioners and community organisers capable of fulfilling the expectations of their communities, PB policy objectives, and the broader participatory democracy agenda laid out by legislation such as the Community Empowerment Act and the Public Sector Equality Duty. The fate of 2nd Generation PB also hinges to some extent on parallel institutional and political reforms to address the ‘silent crisis of local democracy’ in Scotland (Bort et al., 2012). This may include, for example, considering further devolution of powers to local government (Commission on Lo-
cal Tax Reform, 2015; Gibb & Christie, 2015), developing Community Planning Partnerships as institutions of participatory governance (Escobar et al., 2018), and reforming community councils (Escobar, 2014). The current Local Governance Review, and potential Local Democracy Bill that may follow, present a unique opportunity to think about these potential reforms in systemic terms. This must include careful consideration for the fundamental role of local councillors in facilitating this agenda. There are potential frictions between the democratic innovations of participatory democracy and established institutions of representative democracy, and PB developers must be aware and ready to address them. One of the problems that PB has encountered in other countries is the discontinuation of the process due to changes of administration and lack of cross-party support. In other words, party politics can easily override the community politics of PB and, in this sense, participatory institutions typically remain at the mercy of representative institutions. We must think carefully and strategically about how to couple these different principles and practices in order to strengthen democracy (Parkinson & Mansbridge, 2012; Escobar, 2017).

PB originated from blending two agendas that are prominent in Scottish policy discourse, namely: community empowerment and social justice. Given the current policy context, as well as civil society aspirations, we hope that these two agendas remain at the heart of PB in Scotland. We must pay attention to how inequalities in power and influence result in social, economic and health inequalities—the move from transactional to transformational PB in Scotland depends greatly on addressing this issue: “In order to effect a transformation in relations between communities and local authorities, there requires to be a clear recognition of existing power imbalances between communities, citizens, civil society and that these power relations must change” (O’Hagan et al., 2017, p. 16). This will entail careful consideration for how mainstreaming PB can enable participatory decision making that tackles inequalities by applying redistributive measures to improve outcomes.

In conclusion: a lot has been accomplished in Scotland, but the full potential of PB is yet to be unlocked as mainstreaming gets under way in the next few years, and there are critical choices to be made. We look forward to sharing that story in due course. This chapter is thus to be continued...
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Participatory budgeting in Scotland: The interplay of public service reform, community empowerment and social justice


“Hope for Democracy” is not only the title of this book, but also the translation of a state of mind infected by innovation and transformative action of many people who in different parts of the world, are engaged in the construction of more lasting and intense ways of living democracy.

The articles found within this publication are “scales” of a fascinating journey through the paths of participatory democracy, from North America to Asia, Oceania to Europe, and Latin America to Africa.

With no single directions, it is up to the readers to choose the route they want to travel, being however invited to reinforce this “democratizing wave”, encouraging the emergence of new and renewed spaces of participation in the territories where they live and work.